

The I/Fax

Administered by Illinois State Treasurer Alexi Giannoulas



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END FEBRUARY 2007

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Yesterday's Rates 3/7/07

Money Market Fund

5.182%

Prime Fund

5.221%

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Public Investors'
Financial
Symposium

May 22 - 23

Springfield, IL

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MARKET PERSPECTIVE

It seems that from one day to the next, market participants change their view of what the country's financial future holds. One day, they think we will have a recession, and thus a hard landing. The next day, market players think we will have a soft landing, causing concerns about impending inflation. Through all of this, it appears that very few market heavyweights want to listen to Federal Reserve Chairman Ben S. Bernanke and his view of the economy's prospects. A perfect example of this was played out in late February.

The downward revisions to Fourth Quarter Gross Domestic Product, which were actually less than expected, show that the market is completely uncertain as to the direction of the economy. Subsequent to these revisions, recent technical developments within the Asian stock markets that have filtered into the U.S. markets have signaled a possible end to the soft landing theory. Plus, the day after the Dow Jones dropped by just over 400 points, Chairman Bernanke was testifying before Congress, reiterating the Federal

Reserve's stance that inflation is not dead, and is still expected to show in the coming months. All the while, news reports were misquoting former Federal Reserve Chairman Alan Greenspan's prediction of a recession. (Greenspan's comments were addressing how recessions are indicated by a drop in corporate earnings, something that has not happened yet.) At this point, it is not uncommon for one to hear that the sky is falling while soon thereafter hearing that the mountain is rising.

With the extreme divergence in views, the only certainty that can come from this is volatility. In some cases, volatility is a good thing. It remains uncertain as to whether this is one of those cases. Generally, divergent views in the markets open up buying opportunities. This pull and tug moves the market up and down allowing the market to move outside of trading ranges and spreads between security types widen or narrow. All of these open up the investor's possibilities for finding value.

Investment Calculator

The investment calculator on www.illinoisfunds.com can be useful in many ways:

- To evaluate past investments
- To evaluate future investments
- To determine how "compounding" will affect APR versus APY
- To compare rate quotes

- To help plan investment strategy
- And much more

Go to www.illinoisfunds.com, click the "Money Market Fund" icon, then click on "Investment Calculators" and check it out. Let us know how you use the investment calculator at 1-800-346-7414.

Information in the Market Perspective was obtained from sources considered reliable. Their accuracy or completeness is not guaranteed. Opinions expressed are subject to change without notice.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 2/28/07

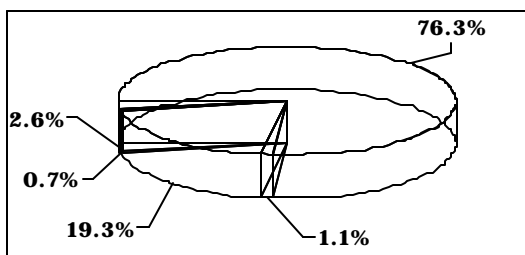
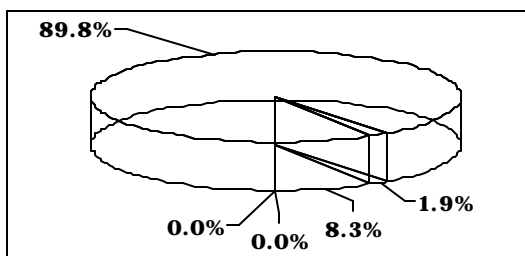
Money Market Fund (Daily Liquidity)		Prime Fund (7-day Liquidity) after 30-day minimum term	
One Month Yield*	5.19%	One Month Yield*	5.23%
One Month Effective Yield*	5.31%	One Month Effective Yield*	5.36%
Net Portfolio Assets (Millions)	\$4,903	Net Portfolio Assets (Millions)	\$1,046
Net Asset Value (Per Share)	\$1.00	Net Asset Value (Per Share)	\$1.00
Weighted Average Maturity (Days)	2	Weighted Average Maturity (Days)	7
*Yield Net of Fees		*Yield Net of Fees	

Public Sector Comparisons

The Illinois Funds, MMF	5.19%	The Illinois Funds, Prime Fund	5.23%
S&P Govt. Inv Pool - Govt. Fund Index	5.06%	S&P Govt. Inv Pool - Taxable Fund Index	5.19%
IL School Dist Liquid Asset-Liquid Class	4.86%	IL School Dist Liquid Asset-Max Class	4.99%
3-Month Treasury Bill	5.15%	3-Month Treasury Bill	5.15%
6-Month Treasury Bill	5.15%	6-Month Treasury Bill	5.15%

Private Sector Comparisons

The Illinois Funds, MMF	5.19%	The Illinois Funds, Prime Fund	5.23%
IMoneynet™—Govt. Institutional	4.85%	Federated Government Obligations	5.13%
Fidelity –695 Treasury Fund	5.11%	Fidelity – 57 Government Fund	5.14%
Goldman Financial Square Treasury Fund –468	5.09%	Goldman Financial Sq Government Fund –465	5.16%
30-Day Time Deposit	5.01%	90-Day Time Deposit	5.04%



Fund Compositions

Money Market Fund

89.8% - Repurchase Agreements
 8.3% - Money Market Funds
 1.9% - Certificates of Deposit
 0.0% - Treasury Bills
 0.0% - Treasury Notes

Prime Fund

76.3% - Repurchase Agreements
 2.6% - Certificates of Deposit
 1.1% - US Government Agencies
 0.7% - Money Market Funds
 19.3% - Commercial Paper

E-Pay Account Rate

5.182% 3/07/07

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Rapid Revenue Acct. Rate

5.182% 3/07/07

1-800-346-7414

Visit our website at
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